



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### FISCAL IMPACT NOTE

**Resolution Number 34-12**

**BoE -Lease Purchase of Energy Equipment**

Sponsor: Council President Boniface at the request of the County Executive

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#### Summary of Legislation

A RESOLUTION to approve the financing by the Board of Education of Harford County (the "Board") of obligations to be incurred by the Board with respect to an equipment lease purchase agreement with JP Morgan Chase Bank, N.A. ("Bank") providing for lease financing of certain energy performance equipment ("Energy Equipment") acquired from Johnson Controls, Inc. at a gross cost of \$16,069,958.00, less certain fund balances and rebates, and leased to the Board in the original principal amount of \$14,248,426.00 for the equipment and installation thereof (the "Equipment Lease Purchase Agreement") providing lease financing of \$14,248,426.00 to the Board ("Energy Equipment"); approving the financing by the Board of the financial obligations required by the equipment lease purchase agreement with the Bank (the "Equipment Lease Purchase Agreement"); affirming that the approval of the Lease Purchase Agreement is intended to be without liability or obligation of Harford County, Maryland or the County Council of Harford County, Maryland.

The resolution will take effect when adopted.

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#### Fiscal Impact Summary

The resolution approves a lease purchase agreement for the Board of Education. The agreement and related approval do not obligate Harford County to pay the lease obligation. The Board of Education's estimate lease payments will be approximately \$300,000 for the first 2 years, then approximately \$1.1 million for the following 15 years.

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#### Fiscal Analysis

The Board of Education has entered into an agreement to purchase energy equipment from Johnson Controls totaling more than \$16 million. The contract requires Johnson Controls to accomplish savings that cover the cost of the equipment. Jim Jewell advised the County Council that this is the third agreement with Johnson Controls and the Board of Education has been satisfied with Johnson's performance on the prior contracts.

The equipment will be financed through a lease purchase agreement by J.P. Morgan Chase. The terms of the financing obligate the Board of Education to 17 years of semi-annual

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interest and principal payments. Payments in the first two years of the agreement will be interest-only payments.

The Board of Education is responsible for the agreed upon payments, not the County's government. The Board has already approved the agreement, but the transaction requires the approval of the County Council, in accordance with State law.

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### **Additional Information**

Previous Introductions: None

Fiscal Note History: Version 01 (12/5/2012) based on resolution as of December 4, 2012.

Fiscal Analysis was prepared by Chrystal Brooks, County Auditor.

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